



DEPARTMENT OF HEALTH & HUMAN SERVICES

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Audit Report No. CA-08-DRA

ADMINISTRATION FOR CHILDREN AND FAMILIES
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

November 12, 2009

Ms. S. Kimberly Belshe
Secretary
California Health and Human Services Agency
1600 9th Street, Room 460
Sacramento, CA 95814

Copies to:
Vana Rowen
Karen Echeverria

Dear Ms. Belshe:

The Administration for Children and Families (ACF), Office of Child Support Enforcement (OCSE), Office of Audit has completed a Data Reliability Audit (DRA) in California for the fiscal year (FY) 2008 reporting period. Pursuant to section 452(a)(4)(C)(i) of the Social Security Act (Act), OCSE is required to conduct audits to assess the completeness, reliability and security of the data. OCSE is also required to conduct audits to assess the accuracy of the reporting systems used in calculating performance indicator data under sections 452(a)(4)(C) and 458(a).

This audit report addresses areas where major deficiencies were identified. A major deficiency was determined to be any performance indicator line for which the State could not provide an adequate audit trail or a performance indicator line with an efficiency rate below the 95 percent standard. We did not identify major deficiencies in any of the eight performance indicator lines reported on the OCSE-157, "Child Support Enforcement Annual Data Report."

We also did not identify major deficiencies for the Cost-Effectiveness performance indicator data. This data was reported on the OCSE-34A, "Child Support Enforcement Program Collection Report" and on the OCSE-396A, "Child Support Enforcement Program Expenditure Report."

In FY 2004, OCSE and State partners developed two possible incentive measures addressing medical support. While not subject to incentives or penalty, lines on the OCSE-157 that will be used for the proposed medical support establishment measure and the medical support enforcement measure were subject to FY 2008 data reliability audits. Following are the medical support lines audited.

Medical Support Lines
Line 2e: Arrears-Only IV-D Cases With Orders Established Open at the End of the Fiscal Year
Line 21: Cases Open at the End of the Fiscal Year in Which Medical Support is Ordered
Line 21a: Cases Open at the End of the Fiscal Year in Which Medical Support is Ordered and Provided

We did identify major deficiencies with Lines 2e, 21, and 21a. These deficiencies should be corrected so that they will not impact any Medical Support performance indicator that could be enacted in the future.

State officials provided written comments to our October 21, 2009 Draft report but did not wish them to be incorporated into the final report.

State officials should regard the receipt of this report as official notification as to the reliability of their data for the FY 2008 reporting period. However, ACF officials will make the final decision as to the effect of the results of this report on penalty and incentive determinations.

BACKGROUND

Section 341(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) required the Secretary, HHS, to recommend to Congress a new incentive funding plan for States. This plan was based on program performance and prepared in consultation with Directors of State Child Support Enforcement Programs. As a result of this process, Congress enacted the Child Support Performance and Incentive Act of 1998, P.L. 105-200. The Act created a new incentive system under which incentive payments to States are based on performance on each of the following performance indicators:

- Paternity Establishment Performance Level;
- Support Order Performance Level;
- Current Payments Performance Level;
- Arrearage Payments Performance Level; and
- Cost-Effectiveness Performance Level.

Section 458(b)(5)(B) of the Act requires the Secretary to determine whether State-reported data used to determine the performance levels are complete and reliable. That determination will be made based on an audit of the performance indicator data. The Act also provides for a financial penalty if there is a failure to achieve the required level of performance, or the data is incomplete or unreliable and the performance does not improve, or the deficiency is not corrected in the subsequent year.

SCOPE OF AUDIT

The audit was conducted to determine whether:

- The system used by California's IV-D program to report performance indicator and proposed Medical Support indicator data was reliable and that the data generated by that system was reliable, complete and secure;
- The data used to compute the performance indicators and proposed Medical Support indicators met OCSE's reporting requirements; and

- The reported data fairly represented the State's data for the performance indicator and proposed Medical Support indicator lines. This is required by the Government Accountability Office's (GAO's) guide, Assessing the Reliability of Computer-Processed Data.

As applicable, we evaluated information reported by the State, which will be used for performance measurement and proposed Medical Support measurement calculations, but which may not have been generated through the official IV-D system. This includes data from vital statistics, data from the OCSE-396A or from another source outside of the IV-D agency.

The audit was conducted in accordance with GAO's Government Auditing Standards and the OCSE Office of Audit's "Guide for Auditing Data Reliability." Information concerning the IV-D automated system and other reporting systems was obtained from inspection of pertinent documentation and discussions with appropriate program officials. Audit work was completed in July 2009. Fieldwork was performed at the California Department of Child Support Services in Rancho Cordova, California and the Vital Statistics Section, HISP-Center for Health Statistics, in Sacramento, California. The results of our review of performance indicator data reported for the period October 1, 2007 through September 30, 2008, are presented in Schedule I at the end of this report. Schedule I provides an efficiency rate for each performance indicator line reviewed on the OCSE-157. Schedule II provides the efficiency rate for each of the proposed Medical Support indicator lines.

The scope of our current audit was limited to assessing program logic, data definitions and data testing of the performance indicator lines reported on the OCSE-157 and the proposed Medical Support indicator lines. To review the Cost-Effectiveness performance indicator, we evaluated whether selected amounts reported on the OCSE-34A and the OCSE-396A could be verified to the first level of State documentation. We did not assess program logic or data definitions, and we did not perform data testing on any of the Cost-Effectiveness performance indicator lines. We also conducted a limited review of the State's physical security and access controls.

Program logic and data definitions were reviewed during a prior year's data reliability audit. However, if any programming or definitional revisions were made to the performance indicator or Medical Support indicator lines, those changes were evaluated. We determined if the data used to compute performance indicators and proposed Medical Support indicators and the programs used to compile and report the data met OCSE reporting requirements. For data testing purposes, States were requested to provide area audit offices with files containing their child support universe and audit trails. This is outlined in Dear Colleague Letter 08-37, "Data Reliability Audit Requirements for the Fiscal Year 2008 Reporting Period," dated September 30, 2008.

Data testing was conducted on performance indicator and proposed Medical Support indicator line items from the OCSE-157, dated December 24, 2008, to determine whether reported performance indicator data was reliable and complete. To determine if case information was correctly reported, we selected a simple random sample of 343 cases from the Child Support System Universe. We verified whether our sample of open cases and cases closed during the FY

were supported by information on the State systems and/or to supporting documentation and whether they were correctly reported on the applicable lines. For cases closed prior to the audit period, we verified whether any of these cases were reported on the performance indicator or proposed Medical Support indicator lines. If we determined that any of these cases were included on one or more of the lines, they were included in the regular case review process.

Documentation was obtained for these cases and used for reviewing Lines 1, 2, 2e, 21, 21a, 24, 25, 28 and 29. We determined whether the data that should have been included on any given line actually was included, and whether the data that was included on any given line should have been included.

Because the Statewide PEP option was elected, samples of 50 children were selected from Lines 8 and 9. We determined whether the data that was included on any given line should have been included. Determination was made by verifying whether the sample children selected were supported by information on the State's system and whether that information was properly reported.

Sample results were evaluated using the confidence interval method to compute the degree of sampling error associated with that estimate. We are presenting the range of values within which the true universe parameter being measured is expected to occur. Percentages have been rounded to the nearest whole number. A complete discussion of the sampling methodology can be found in the "Guide for Auditing Data Reliability."

We did not evaluate whether collections were distributed in accordance with Federal regulations. This analysis lies outside the scope of this audit.

DETAILED AUDIT RESULTS AND RECOMMENDATIONS

Our review of sample cases did not identify any performance indicator lines with an efficiency rate¹ below 95 percent. Schedule I is enclosed for the case review results of each of the performance indicator lines.

¹ The efficiency rates for all lines except 24 and 25 were calculated by dividing the number of cases/children correctly reported by the total number of cases/children reviewed. The efficiency rates for Lines 24 and 25 were calculated by dividing the aggregate amount of dollars reported incorrectly by the aggregate amount of dollars that should have been reported and subtracting from 100 percent. The upper and lower bounds for each efficiency rate for the performance indicator lines were calculated at the 95 percent confidence level.

MANAGEMENT FINDINGS - MEDICAL SUPPORT RESULTS

Although the medical support review results will not affect incentive calculations or penalty determinations for FY 2008, the results are being provided to management so that any necessary corrective actions can be taken. Our review of sample cases identified major deficiencies for Lines 2e, 21 and 21a.² The major deficiencies for these Lines are discussed in the following paragraphs. Schedule II is enclosed for the case review results of each of the proposed Medical Support incentive indicator lines.

OCSE-157, Line 2e: Arrears-Only IV-D Cases With Orders Established Open at the End of the Fiscal Year

Accurate data for Line 2e was not reported on the OCSE-157. Of the 41 cases reviewed, 31 were correctly reported for an efficiency rate of 76 percent.

Cases Reviewed	41
Omitted Cases	8
Cases without Arrears Only	2
Total Error Cases for Line 2e	10

The deficiencies were the result of clerical errors, legacy system programming and system conversion. During the reporting period the State converted individual county child support systems (legacy systems), called Access Replacement System (ARS) and California Automated Support Enforcement System (CASES), to the statewide California Child Support Automation System (CCSAS). We found that eight cases open only for arrears-only collections were not reported on Line 2e. Five of these eight errors were due to ARS programming problems. These five cases were Temporary Assistance for Needy Families (TANF) arrears-only cases where the dependents had emancipated with no current support due or medical support ordered. ARS was programmed to not report these cases, due to the federal reporting requirement for Line 2e, which states, in part, "Do not include judgments under state laws that create a debt owed to the state by the non-custodial parent for public assistance paid for that parent's child or children (laws of general obligation)." The State included this same language in their reporting instructions for this Line. Based on this instruction, ARS assumed TANF arrears-only cases fit into the category of laws of general obligation. As the State developed reporting details for their new automated system, they sought a Department of Child Support Services (DCSS) legal opinion regarding this requirement, in order to clarify which, if any, cases fit into the category of "laws of general obligation." The legal response was that the State's child support program did not operate under this category, so the requirement was not relevant. In California, support amounts were set under child support guidelines, not by calculating how much aid was given to the family. Therefore, TANF arrears were considered child support recoupment. As a result, CCSAS was programmed to include welfare arrears-only cases on Line 2e. Because two ARS

² A major deficiency was determined to be any medical support proposed indicator line for which the State could not provide an adequate audit trail or with an efficiency rate below the 95 percent standard. The efficiency rates for Lines 2e, 21 and 21a were calculated by dividing the number of cases that were correctly reported by the total number of cases reviewed for a given line item. Since these lines were evaluated for management purposes only, we did not calculate confidence intervals.

counties (San Diego and Orange) converted to CCSAS before the end of the reporting period, their TANF arrears-only cases were included on Line 2e. Since Los Angeles County did not convert until after the end of the reporting period, their TANF arrears-only cases were excluded from Line 2e. DCSS does not expect to see this problem in the future, as all cases will be reported according to the CCSAS reporting requirements, which include TANF arrears-only cases on Line 2e.

Two of the eight omitted cases had all the children emancipated, no current child or medical support due and arrears owed but the cases were not reported because of clerical errors. The caseworkers manually update children in the system once they become emancipated. However, this was not done for these two cases. The last omitted case also had an emancipated child with no current child or medical support due and arrears were owed. This case was not reported due to a data conversion error from CASES to CCSAS.

The remaining two error cases, which were reported as arrears-only, were still open for other IV-D services. Both of these cases had an active medical support order, but were characterized by ARS as arrears only. These two Los Angeles County errors were reported inaccurately due to programming in ARS, based on assumptions, which were not clarified by DCSS until 2008, when reporting details for Line 21 were being developed and programmed into CCSAS. DCSS does not expect to see this problem in the future, as all cases will be reported according to the CCSAS reporting requirements.

All deficiencies have been brought to the State's attention. Since ARS and CASES are no longer used for State reporting, no corrective action is needed for these legacy systems.

Recommendation

1. We recommend that the IV-D agency take corrective actions, including providing any necessary training, to ensure that accurate data is entered into CCSAS so cases are properly reported on Line 2e.

OCSE-157, Line 21: Cases Open at the End of the Fiscal Year in Which Medical Support is Ordered

Accurate data for Line 21 was not reported on the OCSE-157. Of the 91 cases reviewed, 80 were correctly reported for an efficiency rate of 88 percent.

Cases Reviewed	91
Cases without Medical Support Ordered	6
Omitted Cases	4
Cases were Arrears Only	1
Total Error Cases for Line 21	11

The deficiencies were the result of clerical errors and CCSAS and legacy system programming errors. Due to programming errors, the CCSAS reported five cases without a medical support provision in the order. DCSS officials stated that while they initially committed resources to

design reporting details for all OCSE-157 audit lines reviewed during the audit period, they concentrated these resources on the incentive related lines during the conversion process and did not have the resources/time to evaluate the programming of the non-incentive related lines. The remaining case without a medical support provision in the order was incorrectly reported due to a clerical error. We determined the case did not have a valid order containing medical support until after the reporting period, whereas the worker had coded it in CCSAS as having an effective order.

In the four omitted cases, two of the errors were due to county ARS legacy system programming problems. Both of these cases had an active medical support order, but were characterized by ARS as arrears only. These two Los Angeles County errors were reported inaccurately due to programming in ARS that was based on assumptions, which were not clarified by DCSS until 2008, when reporting details for Line 21 were being developed and programmed into CCSAS. DCSS does not expect to see this problem in the future, as all cases will report according to the CCSAS reporting requirements. These two cases were also errors for Line 2e. The other two errors were caused by programming errors, which omitted cases with a medical support provision included in the order.

One arrears-only case was erroneously reported by CCSAS. In this case, the children had emancipated before the reporting period and the case was open for arrears-only collection. This was a clerical error, as the caseworker had not updated the children in CCSAS when they emancipated. This case was also an error for Line 2e.

All deficiencies have been brought to the State's attention. DCSS is in the process of redesigning the CCSAS report queries to resolve all of the known system issues. Since ARS is no longer used for State reporting, no corrective action is needed for this legacy system.

Recommendations

We recommend that the IV-D agency:

2. Review the system data specifications to ensure that accurate data is reported on Line 21; and
3. Take corrective actions, including providing any necessary training, to ensure that accurate data is entered into CCSAS so medical support data is properly reported.

OCSE-157, Line 21a: Cases Open at the End of the Fiscal Year in Which Medical Support is Ordered and Provided

Accurate data for Line 21a was not reported on the OCSE-157. Of the 39 cases reviewed, 25 were correctly reported for an efficiency rate of 64 percent.

Cases Reviewed	39
Cases without Medical Support Ordered and Provided	10
Omitted Cases	3
Closed Cases	1
Total Error Cases for Line 21a	14

All the deficiencies were the result of programming errors. There were 10 cases reported in error as having medical support ordered and provided. In these 10 cases, medical support had been ordered; however, there was no evidence either on CCSAS or in the hard copy case files, of medical support being provided during the reporting period.

Three cases had evidence of medical support coverage provided, either on the CCSAS system or in the case files, but the cases were not reported because of a programming error. The State's programming also erroneously reported a case that had closed during the reporting period. All deficiencies have been brought to the State's attention. DCSS acknowledged these reporting problems and is in the process of redesigning the CCSAS report queries to resolve all of the known issues.

Recommendation

4. We recommend that the IV-D agency review the system data specifications to ensure that accurate data is reported for Line 21a in the future.

Post-Audit Comments and Our Evaluation

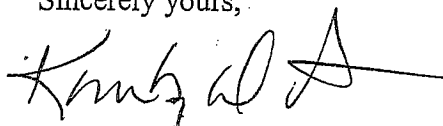
State officials provided written comments to our October 21, 2009 Draft report but did not wish them to be incorporated into the final report.

DRAFT

In accordance with provisions of the Freedom of Information Act (Public Law 90-23), OCSE Office of Audit reports issued to DHHS grantees and contractors are made available to the public on request. To facilitate identification, please refer to Audit Report No. CA-08-DRA in all correspondence relating to this report.

Thank you for the assistance and cooperation provided by your staff during the conduct of this audit.

Sincerely yours,



Kimberly D. Smith, Director
Office of Audit, OCSE

Enclosures

cc: Mr. Jan Sturla, Director, California Department of Child Support Services
Ms. Vicki Turetsky, Commissioner, OCSE
Ms. Donna J. Bonar, Deputy Commissioner, OCSE
Ms. Sharon Fujii, Regional Administrator, Region IX, ACF
Mr. John Kersey, Program Manager, Region IX, OCSE
Mr. Harry N. Yuhnick, Acting Regional Audit Manager, OCSE
Mr. Robert Powell, Sacramento Area Audit Office, OCSE

OCSE Office of Audit
Assignment Code: CA - 08 - DRA
Case Review Summary

Line Description	DATA TESTING RESULTS						STATISTICAL ANALYSIS		
	Amount Reported on OCSE-157	Number Reviewed	Should have been Reported	Reported on OCSE-157	Correctly Reported	Errors	Efficiency Rate ^{1/}	Confidence Interval for a 95% Confidence Level	
								Lower Bound	Upper Bound
OCSE-157, Line 1, Cases Open at the End of the Fiscal Year	1,628,235	165	165	165	165	0	100%	98%	100%
OCSE-157, Line 2, Cases Open at the End of the Fiscal Year With Support Orders Established	1,305,281	133	133	132	132	1	99%	96%	100%
OCSE-157, Line 5, Children in IV-D Cases Open at the End of the Fiscal Year Who Were Born Out of Wedlock	1,276,572								
OCSE-157, Line 6, Children in IV-D Cases Open During or at the End of the Fiscal Year With Paternity Established or Acknowledged	1,185,632								
OCSE-157, Line 8, Children in the State Born Out-of-Wedlock During the Fiscal Year (Statewide)	218,578	50	49	50	49	1	98%	89%	100%
OCSE-157, Line 9, Children in the State With Paternity Established or Acknowledged During the Fiscal Year (Statewide)	221,666	50	50	50	50	0	100%	93%	100%
OCSE-157, Line 24, Total Amount of Current Support Due for the Fiscal Year ^{2/}	\$2,635,760,762	60	\$224,283	\$221,576		\$4,351	98%	96%	100%
OCSE-157, Line 25, Total Amount of Support Distributed as Current Support During the Fiscal Year ^{2/}	\$1,392,866,070	44	\$121,670	\$123,345		\$1,823	99%	97%	100%
OCSE-157, Line 28, Cases with Arrears Due During the Fiscal Year	1,072,233	120	119	119	118	2	98%	94%	100%
OCSE-157, Line 29, Cases Paying Toward Arrears During the Fiscal Year	634,168	74	73	72	71	3	96%	89%	99%

^{1/} The efficiency rates for Lines 1, 2, 8, 9, 28 and 29 were calculated by dividing the number of cases/children that were correctly reported by the total number of cases/children reviewed for a given line item. Based on the results obtained from sample data for each line item reviewed, the upper and lower confidence limits for each efficiency rate were calculated at the 95-percent confidence level. Percentages have been rounded to the nearest whole number.

^{2/} Since Lines 24 and 25 were dollar figures (aggregate ratios) and not case counts (proportions), the efficiency rates for these lines were calculated by dividing the aggregate amount of dollars reported incorrectly by the aggregate amount of dollars that should have been reported as per audit and subtracting this percentage from 100 percent. Both the upper and lower confidence limits about the efficiency rate were then calculated at the 95-percent confidence level.

Note: CA officials elected to use the Statewide Paternity Establishment performance indicator therefore from Line 2 and 10.

OCSE Office of Audit
Assignment Code: CA - 08 - DRA
Medical Support Case Review Summary
 (For Management Purposes Only)

SCHEDULE II

Line Description	DATA TESTING RESULTS						STATISTICAL ANALYSIS		
	Amount Reported on OCSE-157	Number Reviewed	Should have been Reported	Reported on OCSE-157	Correctly Reported	Errors	Efficiency Rate ^{1/}	Confidence Interval for a 95% Confidence Level ^{2/}	
								Lower Bound	Upper Bound
3-157, Line 2e - Arrears-Only IV-D Cases Orders Established Open at the End of the Year	285,457	41	39	33	31	10	76%		
3-157, Line 21 - Cases Open at the End of the Year in Which Medical Support is Ordered	888,763	91	84	87	80	11	88%		
3-157, Line 21a - Cases Open at the End of the Year in Which Medical Support is Ordered	397,263	39	28	36	25	14	64%		

efficiency rates for Lines 2e, 21 and 21a were calculated by dividing the number of cases that were correctly reported by the total number of cases reviewed for a given line item. Figures have been rounded to the nearest whole number.

these lines were evaluated for management purposes only, we did not calculate the confidence intervals.